
RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUN 11 2014



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FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

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MANDEVILLE, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

The Board of Commissioners
Recreation District No. 1 of St. Tammany Parish
Mandeville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Recreation District No. 1 of St. Tammany Parish (the District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 12 to the financial statements, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows and inflows of resources and also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues or expenses when incurred and not reported in the statements of net position. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of compensation paid to governing board on page 36 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Postlethwaite & Nettville

Metairie, Louisiana
May 6, 2014

**REQUIRED SUPPLEMENTARY INFORMATION –
MANAGEMENT’S DISCUSSION AND ANALYSIS**

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

This section of the Recreation District No. 1 of St. Tammany Parish (the District) financial report presents a discussion and analysis of the District's financial performance during the year ended December 31, 2013. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Assets and deferred outflows of resources of the District exceeded its liabilities on December 31, 2013 by \$19,748,492 (net position). The District's current balance of net position has increased by \$474,717 or 2.5% in comparison with the prior fiscal year.

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,223,415, a decrease of \$469,832 in comparison with the prior fiscal year. This amount includes \$2,514,512 in the District's debt service fund restricted for future debt requirements and \$2,908,960 in the capital projects – construction fund that is assigned by the Board for current improvement projects, new pathways, paving of parking lots, insurance reserves, capital improvement reserves, and future land acquisitions. The amount also includes \$27,079 in unused ad valorem taxes that are restricted for capital projects and \$84,819 in nonspendable fund balance for prepaid expenses. The remaining \$2,688,045 is the funding for the budget year 2014 for the operations and maintenance in the general fund. The general fund/ O&M is the account that pays for daily operations of the Park, staffing, insurances, utilities, supplies, field and building equipment, turf supplies etc.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statement focus is on both the District as a whole and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison, and enhance the District's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. These financial statements are reported using the full accrual accounting method. Additionally, these statements combine governmental fund's current financial resources with capital assets and long-term obligations.

The statement of net position includes all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's activities upon general revenues-property taxes provided by the District's taxpayers.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The District used funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. The fund financial statements are reported using the modified accrual basis of accounting.

Notes to Financial Statements

The notes to the financial statements provide required disclosures essential to the understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and, if any, significant events.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources exceeded liabilities by \$19,748,492 at the close of the most recent fiscal year.

The following table reflects the condensed Statements of Net Position for 2013 and 2012:

Recreation District No. 1 of St. Tammany Parish Condensed Statements of Net Position December 31, 2013 and 2012						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets						
Current and other assets	\$ 7,453,631	\$ 6,473,961	\$ 62,004	\$ 138,286	\$ 7,515,635	\$ 6,612,247
Restricted assets	1,045,738	2,555,357	-	-	1,045,738	2,555,357
Capital assets, net	23,398,281	23,723,237	-	-	23,398,281	23,723,237
Total assets	<u>31,897,650</u>	<u>32,752,555</u>	<u>62,004</u>	<u>138,286</u>	<u>31,959,654</u>	<u>32,890,841</u>
Deferred outflows of resources	223,600	276,326	-	-	223,600	276,326
Liabilities						
Current liabilities	1,873,892	1,906,497	4,143	4,975	1,878,035	1,911,472
Long-term liabilities	10,556,727	11,981,920	-	-	10,556,727	11,981,920
Total liabilities	<u>12,430,619</u>	<u>13,888,417</u>	<u>4,143</u>	<u>4,975</u>	<u>12,434,762</u>	<u>13,893,392</u>
Net position						
Net investment in capital assets	11,640,154	10,906,116	-	-	11,640,154	10,906,116
Restricted	2,541,591	2,555,357	-	-	2,541,591	2,555,357
Unrestricted	5,508,886	5,678,991	57,861	133,311	5,566,747	5,812,302
Total net position	<u>\$ 19,690,631</u>	<u>\$ 19,140,464</u>	<u>\$ 57,861</u>	<u>\$ 133,311</u>	<u>\$ 19,748,492</u>	<u>\$ 19,273,775</u>

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The largest portion of the District's net position (58.9%) as of December 31, 2013 reflects the net investment in capital assets (buildings, infrastructure, machinery and equipment). The District's capital assets include the Castine Center, 3 court Brown Gym Complex, 4 court White Gym Complex, 27 top of the line game sports fields, 6 practice sports fields, skate park, 2 dog parks, batting cages, pathways, parking lots for 1,712 cars, roadways and associated bathroom, pavilions and concessions. The District uses these assets to provide for the recreational, social and cultural needs of the citizens.

The second largest portion of the District's net position (28.2%) as of December 31, 2013 is unrestricted. The unrestricted net position of \$5,566,747 includes the funding for operations, capital improvement projects, staffing, insurances, utilities, etc. All of these funds have been committed to specific projects or budgeted for subsequent year operations by the Board of Commissioners.

The remaining portion of the District's net position of \$2,541,591 (12.9%) as of December 31, 2013 represents resources that are subject to external restrictions. These funds can only be used for debt service payments incurred and approved by voters to repay the loans to develop and build aspects of Pelican Park, which is owned and operated by the Recreation District.

The District's current ratio compares the current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratios at year end are:

<u>Year Ended December 31,</u>	<u>Ratio</u>
2013	4.56 to 1
2012	4.80 to 1
2011	5.53 to 1
2010	5.00 to 1
2009	5.04 to 1
2008	5.21 to 1
2007	4.37 to 1

The District has a net investment in capital assets to provide services for its taxpayers as a portion of total net position as follows:

<u>Year Ended December 31,</u>	<u>Percent</u>
2013	57.8%
2012	56.2%
2011	47.2%
2010	53.6%
2009	51.0%
2008	47.3%
2007	45.6%

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following table provides a summary of the changes in net position for the year ended December 31, 2013 with comparative figures for 2012:

Recreation District No. 1 of St. Tammany Parish Condensed Statements of Activities December 31, 2013 and 2012						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program revenues						
Charges for services	\$ 235,222	\$ 240,689	\$ 553,097	\$ 637,875	\$ 788,319	\$ 878,564
Operating grants and contributions	188,277	139,943	-	-	188,277	139,943
Capital grants and contributions	26,368	102,183	-	-	26,368	102,183
General revenues						
Ad valorem taxes	4,245,432	4,074,587	-	-	4,245,432	4,074,587
State revenue sharing	61,601	62,794	-	-	61,601	62,794
Other income	50,376	117,700	2,375	38,547	52,751	156,247
Endorsements	32,598	29,958	-	-	32,598	29,958
Earnings on investments	24,252	10,221	135	241	24,387	10,462
Loss on disposal of assets	(18,851)	(21,044)	-	-	(18,851)	(21,044)
Total revenues	4,845,275	4,757,031	555,607	676,663	5,400,882	5,433,694
Expenses						
Program expenses						
Recreation	4,008,206	3,824,995	-	-	4,008,206	3,824,995
Interest on long-term debt	414,590	508,576	-	-	414,590	508,576
Sports	-	-	309,767	325,351	309,767	325,351
Enterprise	-	-	193,602	215,918	193,602	215,918
Total expenses	4,422,796	4,333,571	503,369	541,269	4,926,165	4,874,840
Change in net position before transfers	422,479	423,460	52,238	135,394	474,717	558,854
Transfers, net	127,688	108,153	(127,688)	(108,153)	-	-
Change in net position	550,167	531,613	(75,450)	27,241	474,717	558,854
Net position, beginning of year	19,140,464	18,608,851	133,311	106,070	19,273,775	18,714,921
Net position, end of year	<u>\$ 19,690,631</u>	<u>\$ 19,140,464</u>	<u>\$ 57,861</u>	<u>\$ 133,311</u>	<u>\$ 19,748,492</u>	<u>\$ 19,273,775</u>

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Key elements of the change in the net position from governmental activities are as follows:

- The increase in program expenses for recreation of approximately \$183,000, or 4.8%, is due to an increase of operations expenses such as insurance, utilities, supplies, professional fees, etc. and the receipt of additional funds received and not budgeted.
- The increase in ad valorem taxes of approximately \$171,000 is primarily due to the increase in new housing and commercial building within the district boundaries and a larger than normal increase of back taxes received in July 2013 by the Parish.
- The decrease in other income of approximately \$67,000 is due primarily due to the collection of building use fees in 2012 from the American Red Cross and the local electric company for building usage during hurricanes in prior years.

Key elements of the change in the net position from business-type activities are as follows:

- The decrease in charges for services revenues of approximately \$85,000 is largely related to gates fees received and concession sales from the PONY National Tournament held at the District in August 2012. The tournament was not held in 2013.
- The decrease in other income of approximately \$36,000 is largely related to vendor commissions received and sponsorships fees from the PONY National Tournament held at the District in August 2012. The tournament was not held in 2013.
- The decrease in program expenses of approximately \$38,000 is largely related to lower costs for officials, lower concession drink and food expenses, and other expenses related to hosting the PONY National Tournament held at the District in August 2012. The tournament was not held in 2013.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,223,415, a decrease of \$469,832 in comparison with the prior year of \$8,693,247.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

The general fund is the chief operating fund of the District. At the end of the current fiscal year, committed fund balance of the general fund was \$2,688,045 or 32.7% of the total fund balance of \$8,223,415. The fund balance of the District's general fund decreased by \$397,773 for the year ended December 31, 2013. The key factors relative to this change are transfers out of \$694,134 to the capital projects-development, capital projects-construction funds, and debt service funds.

The decrease in the fund balance for the capital projects-development fund is the result of the transfer of funds to the capital projects-construction fund for various capital projects. Fund balance in the capital projects-construction and capital projects-development funds will fluctuate year-to-year based on the status of projects and the progression of financing to fund those projects.

The debt service fund had an increase in fund balance of \$213,628 as a result of ad valorem tax revenue and transfers from the general fund exceeding debt service interest and principal payments.

Proprietary Funds

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The two proprietary funds are the sports and enterprise funds.

The largest sources of proprietary income are from sports registration fees and concessions and vending, totaling \$334,700 and \$199,367, respectively. The change in net position for the two proprietary funds is consistent with prior years as excess income is transferred to the general fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Louisiana Local Government Budget Act requires that the District adopt budget amendments whenever revenue collections fail to meet projections by more than 5%, or when actual projected expenditures exceed budgeted expenditures by more than 5%, or when actual beginning fund balance fails to meet estimated beginning fund balance by more than 5% if fund balance is being used to fund current year expenditures. There were no amendments adopted or required to be adopted by the District in 2013.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$23,398,281, net of accumulated depreciation. This investment in capital assets includes construction in progress, buildings, parking lots, fields, trails, pathways, vehicles, roads, well, water and sewer and equipment.

Major capital assets completed or in progress during the current fiscal year included the following:

Completion of parking lots	\$ 988,349
Completion of pathways	417,158

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

The District had \$11,290,000 in current and long-term general obligation bonds excluding bond premiums and \$689,000 in certificates of indebtedness as of December 31, 2013. The general obligation bonds are secured by an ad valorem tax levy. The District retired \$1,366,000 of its debt in 2013.

FUTURE ECONOMIC PLANS

The proposed budget for 2014 included revenues and expenditures of \$3,352,909.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions concerning this report or the need of financial information should be directed to RD#1 of St. Tammany Parish, Finance Department, 63350 Pelican Drive, Mandeville, LA 70448.

FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Statement of Net Position

December 31, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 2,569,387	\$ 44,991	\$ 2,614,378
Cash and cash equivalents - restricted	1,045,738	-	1,045,738
Investments	737,343	-	737,343
Receivables - ad valorem taxes, net	4,032,680	-	4,032,680
Receivables - state revenue sharing	10,052	-	10,052
Receivables - interest	18,900	-	18,900
Receivables - other	450	-	450
Inventory	-	5,485	5,485
Deposits	-	11,528	11,528
Prepaid expenses	84,819	-	84,819
Capital assets, net of accumulated depreciation	23,398,281	-	23,398,281
Total assets	<u>31,897,650</u>	<u>62,004</u>	<u>31,959,654</u>
Deferred Outflows of Resources			
Deferred loss on bond refunding	223,600	-	223,600
Total deferred outflows of resources	<u>223,600</u>	<u>-</u>	<u>223,600</u>
Liabilities			
Accrued expenses	142,575	628	143,203
Accounts payable	44,349	3,515	47,864
Deposits	70,130	-	70,130
Accrued interest	138,287	-	138,287
Compensated absences	53,551	-	53,551
Certificate of indebtedness			
Due within one year	220,000	-	220,000
Due in more than one year	469,000	-	469,000
Bonds payable			
Due within one year	1,205,000	-	1,205,000
Due in more than one year	10,087,727	-	10,087,727
Total liabilities	<u>12,430,619</u>	<u>4,143</u>	<u>12,434,762</u>
Net Position			
Net investment in capital assets	11,640,154	-	11,640,154
Restricted - debt service and construction	2,541,591	-	2,541,591
Unrestricted	5,508,886	57,861	5,566,747
Total net position	<u>\$ 19,690,631</u>	<u>\$ 57,861</u>	<u>\$ 19,748,492</u>

See accompanying notes to financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Activities
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Recreation	\$ 4,008,206	\$ 235,212	\$ 188,277	\$ 26,368	\$ (3,518,339)	\$ -	\$ (3,518,339)
Interest on long-term debt	414,590	-	-	-	(414,590)	-	(414,590)
Total Governmental Activities	4,422,796	235,222	188,277	26,368	(3,972,929)	-	(3,972,929)
Business-Type Activities							
Sports	309,767	334,700	-	-	-	24,933	24,933
Enterprise	193,602	218,397	-	-	-	24,795	24,795
Total Business-Type Activities	503,369	553,097	-	-	-	49,728	49,728
Total	\$ 4,926,165	\$ 788,319	\$ 188,277	\$ 26,368	(3,972,929)	49,728	(3,923,201)
General Revenues							
Ad valorem taxes					4,245,432	-	4,245,432
State revenue sharing					61,601	-	61,601
Other income					50,376	2,375	52,751
Endorsements					32,598	-	32,598
Earnings on investments					24,252	135	24,387
Loss on disposal of assets					(18,851)	-	(18,851)
Transfers					127,688	(127,688)	-
Total general revenues and transfers					4,523,096	(125,178)	4,397,918
Change in net position					550,167	(75,450)	474,717
Net position, beginning of year, as restated (Note 12)					19,140,464	133,311	19,273,775
Net position, end of year					\$ 19,690,631	\$ 57,861	\$ 19,748,492

See accompanying notes to financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Balance Sheet

Governmental Funds

December 31, 2013

	General	Capital Projects - Development	Capital Projects - Construction	Debt Service	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 364,689	\$ 25,896	\$ 2,205,881	\$ 1,018,659	\$ 3,615,125
Investments	17,851	-	719,492	-	737,343
Receivables - ad valorem taxes	2,536,827	-	-	1,495,853	4,032,680
Receivables - state revenue sharing	10,052	-	-	-	10,052
Receivables- other	450	-	-	-	450
Prepaid expenses	84,819	-	-	-	84,819
Due from other funds	-	-	-	-	-
Total assets	\$ 3,014,688	\$ 25,896	\$ 2,925,373	\$ 2,514,512	\$ 8,480,469
Liabilities					
Accrued expenses	142,575	\$ -	\$ -	\$ -	\$ 142,575
Accounts payable	29,119	-	15,230	-	44,349
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Deposits	70,130	-	-	-	70,130
Total liabilities	241,824	-	15,230	-	257,054
Fund Balances					
Nonspendable amounts					
Not in spendable form	84,819	-	-	-	84,819
Restricted	-	-	27,079	2,514,512	2,541,591
Committed	2,688,045	-	-	-	2,688,045
Assigned	-	25,896	2,883,064	-	2,908,960
Total fund balances	2,772,864	25,896	2,910,143	2,514,512	8,223,415
Total Liabilities and Fund Balances	\$ 3,014,688	\$ 25,896	\$ 2,925,373	\$ 2,514,512	\$ 8,480,469

See accompanying notes to financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Reconciliation of the Governmental Funds' Balance Sheet
to the Statement of Net Position
December 31, 2013

Total fund balances - governmental funds	\$ 8,223,415
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Amounts reported for governmental activities in the statement of net position
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	23,398,281
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Certain receivables are not available to pay for the current period's expenditures and are therefore, not recorded in the funds.	18,900
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Interest expense is accrued at year-end in the government-wide financial statements, but is recorded only if due and payable on the governmental fund financial statements.	(138,287)
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The deferred loss on bond refunding is not an available resource and, therefore, is not reported in the funds	223,600
--	---------

Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the funds.

Long-term liabilities consist of:

Certificate of indebtedness	(689,000)
Bonds payable	(11,292,727)
Compensated absences	(53,551)

Net position - governmental activities	<u>\$ 19,690,631</u>
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See accompanying notes to financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General	Capital Projects - Development	Capital Projects - Construction	Debt Service	Total (Governmental Funds)
Revenues					
Ad valorem taxes	\$ 2,682,944	\$ -	\$ -	\$ 1,562,488	\$ 4,245,432
Rental income	235,222	-	-	-	235,222
Earnings on investments	3,623	290	138	1,108	5,159
State revenue sharing	61,601	-	-	-	61,601
Grants and contributions	167,497	-	47,148	-	214,645
Endorsements	32,598	-	-	-	32,598
Other income	50,376	-	-	-	50,376
Total revenues	3,233,861	290	47,286	1,563,596	4,845,033
Expenditures					
Administration	1,078,158	-	-	4,137	1,082,295
Casino Center	417,265	-	-	-	417,265
Park	1,184,355	-	-	-	1,184,355
Recreation	382,555	-	15,786	-	398,341
Debt service - principal	-	-	-	1,366,000	1,366,000
Debt service - interest	-	-	-	380,812	380,812
Bond issuance costs	-	-	-	(5,969)	(5,969)
Capital outlays	2,855	-	616,599	-	619,454
Total expenditures	3,065,188	-	632,385	1,744,980	5,442,553
Excess (deficiency) of revenues over expenditures	168,673	290	(585,099)	(181,384)	(597,520)
Other financing sources (uses)					
Transfers in	127,688	294,865	527,989	395,012	1,345,554
Transfers out	(694,134)	(523,732)	-	-	(1,217,866)
Total other financing sources (uses)	(566,446)	(228,867)	527,989	395,012	127,688
Net change in fund balances	(397,773)	(228,577)	(57,110)	213,628	(469,832)
Fund balances, beginning of year	3,170,637	254,473	2,967,253	2,300,884	8,693,247
Fund balances, end of year	\$ 2,772,864	\$ 25,896	\$ 2,910,143	\$ 2,514,512	\$ 8,223,415

See accompanying notes to financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Net Position
For the Year Ended December 31, 2013

Net change in fund balances - total governmental funds	\$ (469,832)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and loss on disposal exceeded capital outlays in the current period.	(324,956)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	18,900
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The issuance of long-term debt (e.g., bonds and certificates of indebtedness) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Change in interest payable	18,948
Amortization of deferred loss on bond refunding	(52,726)
Bond principal payments	1,366,000
Interest income on bond premium	193

Compensated absences are recorded in the governmental funds when paid, but are recorded in the statement of activities when earned. This represents the amount of compensated absences earned that exceeded amounts paid in the current period.	(6,360)
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Change in net position of governmental activities	\$ 550,167
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See accompanying notes to financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Statement of Net Position

Proprietary Funds

December 31, 2013

	<u>Sports</u>	<u>Enterprise</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 3,808	\$ 41,183	\$ 44,991
Inventory	-	5,485	5,485
Deposits	<u>11,528</u>	<u>-</u>	<u>11,528</u>
Total assets	<u>\$ 15,336</u>	<u>\$ 46,668</u>	<u>\$ 62,004</u>
Liabilities			
Current Liabilities			
Accrued expenses	\$ -	\$ 628	\$ 628
Accounts payable	<u>3,515</u>	<u>-</u>	<u>3,515</u>
Total liabilities	<u>3,515</u>	<u>628</u>	<u>4,143</u>
Net Position			
Unrestricted	<u>11,821</u>	<u>46,040</u>	<u>57,861</u>
Total liabilities and net position	<u>\$ 15,336</u>	<u>\$ 46,668</u>	<u>\$ 62,004</u>

See accompanying notes to financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH**Statement of Changes in Net Position****Proprietary Funds****For the Year Ended December 31, 2013**

	<u>Sports</u>	<u>Enterprise</u>	<u>Total</u>
Operating Revenues			
Registration fees	\$ 334,700	\$ -	\$ 334,700
Concessions and vending	-	199,367	199,367
Batting cage income	-	19,030	19,030
Earnings on investments	87	48	135
Other	2,375	-	2,375
Total operating revenues	<u>337,162</u>	<u>218,445</u>	<u>555,607</u>
Operating Expenses			
Officials and scorers	109,928	-	109,928
Uniforms	81,452	-	81,452
Sports supplies	21,347	-	21,347
Awards	26,903	-	26,903
Other	53,175	-	53,175
Refunds	16,962	-	16,962
Concessions	-	184,902	184,902
Batting cage expenses	-	8,700	8,700
Total operating expenses	<u>309,767</u>	<u>193,602</u>	<u>503,369</u>
Net operating income	27,395	24,843	52,238
Transfers			
Transfers out	(98,170)	(29,518)	(127,688)
Total transfers	<u>(98,170)</u>	<u>(29,518)</u>	<u>(127,688)</u>
Change in net position	(70,775)	(4,675)	(75,450)
Net position, beginning of year	<u>82,596</u>	<u>50,715</u>	<u>133,311</u>
Net position, end of year	<u>\$ 11,821</u>	<u>\$ 46,040</u>	<u>\$ 57,861</u>

See accompanying notes to financial statements.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2013

	<u>Sports</u>	<u>Enterprise</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from customers	\$ 337,162	\$ 218,445	\$ 555,607
Payments for goods and services	(310,859)	(194,549)	(505,408)
Net cash provided by operating activities	26,303	23,896	50,199
Cash Flows from Non-Capital Financing Activities			
Transfer from (to) other funds, net	(98,170)	(29,518)	(127,688)
Interfund borrowing	(500)	1,380	880
Net cash used in non-capital financing activities	(98,670)	(28,138)	(126,808)
Net decrease in cash and cash equivalents	(72,367)	(4,242)	(76,609)
Cash and cash equivalents, beginning of year	76,175	45,425	121,600
Cash and cash equivalents, end of year	<u>\$ 3,808</u>	<u>\$ 41,183</u>	<u>\$ 44,991</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Net operating income	\$ 27,395	\$ 24,843	\$ 52,238
Adjustments to reconcile net operating income to net cash provided by operating activities			
Changes in assets and liabilities			
Increase in:			
Inventory	-	(591)	(591)
Deposits	(616)	-	(616)
Decrease in accounts payable and accrued expenses	(476)	(356)	(832)
Accrued expenses	-	-	-

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(1) Summary of Significant Accounting Policies

The mission of the Recreation District No. 1 of St. Tammany Parish (the District) is to provide recreational opportunities and facilities to the residents of the area that includes the greater Mandeville, Louisiana area. The District offers youth and adult sports leagues and programs. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies:

(a) Reporting Entity

The District was created in 1975 by Ordinance 623 and re-established in 2000 by Ordinance 157 of the St. Tammany Parish Council (the Council). The District is governed by a Board of Commissioners, which is appointed by the Council. The District consists of seven Commissioners who serve four-year terms.

As the governing authority of St. Tammany Parish (the Parish), for financial reporting purposes, the Council is the financial reporting entity for the Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Section 2100 of the Governmental Accounting Standards Board (GASB), *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification), established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the District includes all funds which are controlled by or dependent on the District, which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation and management or governing authority, and authority to issue debt. Based on these criteria, the District has determined that there are no component units that are part of the reporting entity.

The District is a component unit of the Parish because the Council appoints all members of the District and, as such, is financially accountable for the District. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(1) Summary of Significant Accounting Policies (continued)

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and for the proprietary funds.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(1) Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the District. It accounts for all the financial resources except those that are required to be accounted for in other funds.

Debt Service Fund - The Debt Service Fund accounts for proceeds of ad valorem millage of 2.5 mills restricted for debt service.

Capital Projects Funds - The District reports two capital project funds as major - the **Development Fund** and the **Construction Fund**. The Capital Projects Funds are used to account for the construction of infrastructure and improvements.

The District reports two major proprietary funds. The **Sports Fund** accounts for registration fees for sport and leisure programs and the related expenses including uniforms, officials, scorers, instructors, and equipment. The **Enterprise Fund** accounts for sale of concessions and goods, and their related costs from all facilities' concession stands, and commercial batting cages.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and other general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the District's proprietary funds consist of charges to customers and users of its services. Operating expenses for the District's proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(1) Summary of Significant Accounting Policies (continued)

(c) Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund on the cash basis of accounting. The budget is legally adopted and amended as necessary by the District. All budgeted amounts which are not expended or obligated through contracts lapse at year end.

(d) Cash, Cash Equivalents and Investments

Cash includes cash on hand and amounts in demand deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are reported at fair value.

(e) Receivables

Ad valorem tax receivable is reported net of estimated uncollectible amounts. The allowance for uncollectible amounts is \$174,721, which represents 3% of the total ad valorem tax receivable at December 31, 2013. The estimate is based on the District's history of collections within this revenue stream.

(f) Inventories and Prepaid Expenses

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(g) Capital Assets

Capital assets, which include buildings, parking lots, fields, trails and pathways, vehicles and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost, or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,500 or more for capitalizing equipment, furniture and fixtures.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(1) Summary of Significant Accounting Policies (continued)

Capital outlays are recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis.

The following estimated useful lives and methods are used to compute depreciation:

<u>Description</u>	<u>Estimated Lives</u>	<u>Method</u>
Buildings	25 to 40 Years	Straight-Line
Parking Lots	40 to 50 Years	Straight-Line
Fields	25 to 30 Years	Straight-Line
Trails and Pathways	40 Years	Straight-Line
Vehicles	5 Years	Straight-Line
Equipment	5 to 15 Years	Straight-Line

Depreciation expense amounted to \$925,559 for the governmental activities.

(h) Restricted Assets

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized.

(i) Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The deferred charge on refunding reported on the statement of net position results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

(j) Internal Transactions

Outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Due to/from Other Funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances."

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(1) Summary of Significant Accounting Policies (continued)

(k) Compensated Absences

The District's employees earn and accrue varying amounts of vacation and sick leave each year based on years of service. At termination, employees may be paid for unused vacation but sick leave is forfeited. At December 31, 2013, a liability of \$53,551 has been recorded in the government-wide statement of net position.

(l) Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

(m) Restricted Net Position - Government Wide and Proprietary Fund Financial Statements

Net position is displayed in three components:

1. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position - net position with constraints placed on the use either by:
 - a. external groups such as creditors, grantors, contributors or laws or regulations of other governments, or
 - b. law through constitutional provisions or enabling legislation.
3. Unrestricted net position - all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(1) Summary of Significant Accounting Policies (continued)

(ii) Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-Spendable Fund Balance - amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted Fund Balance - amounts that can be spent only for specific purposes because of the Parish Charter, state or federal laws, or externally imposed conditions by grantors, creditors, or citizens.
3. Committed Fund Balance - amounts that can be used only for specific purposes determined by a formal action by Board resolution.
4. Assigned Fund Balance - amounts that are constrained by the District's intent that they will be used for specific purposes. The Board is the only body authorized to assign amounts for a specific purpose and is the highest level of decision-making. Therefore, amounts must be reported as committed.
5. Unassigned Fund Balance - all amounts not included in other spendable classifications.

The District considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The District also considers committed fund balances to be spent first when other unrestricted fund balance classifications are available for use.

(i) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(2) Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at December 31, 2013:

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash on Hand	\$ 4,655	\$ -
Demand Deposits	<u>3,655,461</u>	<u>3,716,818</u>
Total	<u>\$ 3,660,116</u>	<u>\$ 3,716,818</u>

These deposits are stated at cost, which approximates market.

At December 31, 2013, the District had \$3,660,116 in cash and cash equivalents. Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance and letters of credit must at all times equal the amount on deposit with the fiscal agent.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. At December 31, 2013, the District had \$3,716,818 (collected bank balances). These deposits are secured from risk by federal deposit insurance and pledged securities owned by the fiscal agent bank. These securities are being held in the name of the pledging fiscal bank in a custodial bank that is mutually acceptable to the District and the fiscal agent bank.

Louisiana Revised Statute 39:1229 imposes a requirement on the custodian bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

(3) Investments

Investments of \$737,343 which are stated at market using published quotes as of December 31, 2013, consist of \$15,000 in Series EE bonds and \$722,343 in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(3) Investments (continued)

LAMP is a money market-like investment pool. The following facts are relevant for money market-like investment pools:

- *Credit risk:* LAMP is rated AAAm by Standard & Poor's.
- *Custodial credit risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- *Concentration of credit risk:* Pooled investments are excluded from the 5 percent disclosure requirement.
- *Interest rate risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 60 as of December 31, 2013.
- *Foreign currency risk:* Not applicable to money market-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

(4) Interfund Receivables and Payables

The due to/from other funds are short-term receivables or payables resulting from the normal course of the District's operations and are expected to be repaid within one year. At December 31, 2013, the District had no interfund receivables or payables.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(5) Capital Assets

Capital assets activity for the year ended December 31, 2013 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Construction in Progress-Parking Lots Yellow/Gold	\$ 604,597	\$ -	\$ (604,597)	\$ -
Construction in Progress-Parking Lots Green/Orange	101,743	-	(101,743)	-
Construction in Progress-Pathways Phase I	207,001	-	(207,001)	-
Construction in Progress-Pathways Phase II	192,407	-	(192,407)	-
Construction in Progress-Sand Volleyball Courts	19,141	-	(19,141)	-
Construction in Progress-Other	9,774	-	(9,774)	-
Land-Prety Acres	470,000	-	-	470,000
Construction in Progress-Red Parking Lot	-	9,739	-	9,739
Construction in Progress-Road Erosion/Drainage	-	6,017	-	6,017
Total capital assets not being depreciated	1,604,663	15,756	(1,434,663)	485,756
Capital assets being depreciated				
Buildings	11,934,050	177,634	(9,975)	12,101,709
Parking lots	3,101,531	988,349	-	4,089,880
Fields	10,464,453	63,042	-	10,527,495
Trails and pathways	275,157	417,158	-	692,315
Motor vehicles	148,034	38,021	-	186,055
Roads	2,072,303	-	-	2,072,303
Well, water and sewer	1,765,951	-	-	1,765,951
Equipment	955,794	44,383	-	1,000,177
Total capital assets being depreciated	30,717,273	1,728,587	(9,975)	32,435,885
Less accumulated depreciation for:				
Buildings	(2,983,888)	(301,537)	898	(3,284,527)
Parking lots	(592,619)	(75,631)	-	(668,250)
Fields	(3,378,711)	(349,528)	-	(3,728,239)
Trails and pathways	(34,128)	(12,094)	-	(46,222)
Motor vehicles	(99,245)	(16,795)	-	(116,040)
Roads	(509,126)	(51,807)	-	(560,933)
Well, water and sewer	(564,566)	(70,638)	-	(635,204)
Equipment	(436,416)	(47,529)	-	(483,945)
Total accumulated depreciation	(8,598,699)	(925,559)	898	(9,523,360)
Capital assets being depreciated - net	22,118,574	803,028	(9,077)	22,912,525
Capital assets - net	\$ 23,723,237	\$ 818,784	\$ (1,143,740)	\$ 23,398,281

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(5) Capital Assets (continued)

<u>Business-Type Activities (Enterprise Fund)</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated				
Equipment	\$ 2,613	\$ -	\$ -	\$ 2,613
Less accumulated depreciation for:				
Equipment	(2,613)	-	-	(2,613)
Capital assets being depreciated - net	\$ -	\$ -	\$ -	\$ -

(6) Long-Term Debt

The following is a summary of bond transactions of the District for the year ended December 31, 2013:

<u>General Obligation</u>	<u>Bonds</u>	<u>Certificate of Indebtedness</u>	<u>Total</u>
Payable at January 1, 2013	\$ 12,445,000	\$ 900,000	\$ 13,345,000
Retired	(1,155,000)	(211,000)	(1,366,000)
Payable at December 31, 2013	\$ 11,290,000	\$ 689,000	\$ 11,979,000
Due Within One Year	\$ 1,205,000	\$ 220,000	\$ 1,425,000

Bonds payable outstanding at December 31, 2013, are as follows:

\$7,070,000 General Obligation refunding bonds dated May 1, 2004; due in 12 annual installments due March 1, 2016, with semi-annual interest payments at 2.00% to 3.55%	\$ 2,355,000
\$2,000,000 Certificate of Indebtedness dated December 1, 2006, with 10 annual installments due March 1, 2016, with semi-annual interest payments at 3.85%	689,000
\$4,000,000 General Obligation revenue bonds dated August 1, 2011; due in 17 annual installments due March 1, 2028, with semi-annual interest payments at 2.00% to 4.00%	3,950,000
\$5,020,000 General Obligation refunding bonds dated May 18, 2012; with 10 annual installments due March 1, 2023, with semi- annual interest payments at 3.25% to 3.875%	4,985,000
	11,979,000
Plus: Bond premiums	2,727
Total	<u>\$ 11,981,727</u>

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(6) Long-Term Debt (continued)

The following is a schedule of future principal debt service requirements:

Year Ending December 31,	General Obligation Bonds		Certificate of Indebtedness		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,205,000	\$ 314,566	\$ 220,000	\$ 22,291	\$ 1,425,000	\$ 336,857
2015	1,240,000	277,989	230,000	13,629	1,470,000	291,618
2016	1,305,000	238,871	239,000	4,601	1,544,000	243,472
2017	710,000	210,616	-	-	710,000	210,616
2018	745,000	193,015	-	-	745,000	193,015
2019-2023	4,180,000	652,575	-	-	4,180,000	652,575
2024-2028	1,905,000	193,513	-	-	1,905,000	193,513
	<u>\$ 11,290,000</u>	<u>\$ 2,081,145</u>	<u>\$ 689,000</u>	<u>\$ 40,521</u>	<u>\$ 11,979,000</u>	<u>\$ 2,121,666</u>

The general obligation bonds are secured by ad valorem taxes.

(7) Ad Valorem Taxes

Ad valorem taxes for the operations and bond debt service of the District are normally levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed in 2012. Taxes are due and payable on a date set by the St. Tammany Parish Assessor's Office usually in December.

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized</u>	<u>Levied</u>
Operation and maintenance	7.00	6.49
Payment of certain general obligation bonds	5.80	2.50

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(8) Lease

The District has entered into a lease for land with the State of Louisiana dated September 1, 2005 for a term of ten years, which was an extension of an earlier lease. The lease is renewable every ten years, provided the District makes substantial improvements to the park during each term. The lease is accounted for as an operating lease whereby rental payments are recorded as operating expenditures when paid. The total payment on this lease was \$9,463 for the year ended December 31, 2013. Due to the variable terms of the lease, a schedule of future maturities cannot be presented at this time.

(9) Pension Plan

The District contributes to a cost-sharing, multiple-employer defined benefit pension plan administered by the Parochial Employees' Retirement System of Louisiana (the Plan). The Plan provides retirement, disability and death benefits to Plan members and beneficiaries. The Plan was established by the Louisiana Legislature as of January 1, 1953, by Act 205 of 1952. The Plan is administered by a Board of Trustees consisting of seven members. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to P.O. Box 14619, Baton Rouge, LA 70898-4619, or by calling 225-928-1361.

All permanent District employees who work at least 28 hours a week shall become members on the date of employment. New employees are automatically enrolled into the plan.

Any member can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with a minimum of thirty (30) years of creditable service.
2. Age 62 with a minimum of ten (10) years of creditable service.
3. Age 67 with a minimum of seven (7) years of creditable service.

The retirement benefit is generally 1% of the member's final compensation plus \$2 per month for each year of service credited prior to January 1, 1980, and 3% of final average compensation for each year of service after that date.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(9) Pension Plan (continued)

State legislation has established the obligations of the District and the employees for contributions at 16.75% and 9.5% of covered salaries, respectively. The District's contributions to the Plan for the years ended December 31, 2013, 2012 and 2011 were \$205,158, \$197,400 and \$181,954, respectively, equal to the required contributions for each year.

(10) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2013, the District carried insurance through various commercial carriers to cover all risks of loss. The District has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

(11) Interfund Transfers

Transfers between funds occur to provide reimbursement of certain operating costs and are not expected to be repaid. Transfers between funds during 2013 occurred as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 127,688	\$ 694,134
Capital Projects Fund - Development	294,865	523,732
Capital Projects Fund - Construction	527,989	-
Debt Service	395,012	-
Proprietary Fund - Sports	-	98,170
Proprietary Fund - Enterprise	-	29,518
Total	\$ 1,345,554	\$ 1,345,554

(12) Change in Accounting Principles

The District has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources, required by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 65 also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expenses, or expenditures when incurred and not reported in statements of net position/balance sheets.

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(12) Change in Accounting Principles (continued)

The District implemented this statement effective January 1, 2013. The impact to governmental activities is as follows:

Previously reported net position as of December 31, 2012	\$ 19,285,841
Adjustment as a result of the implementation of GASB Statement No. 65	<u>(145,377)</u>
Net position as of December 31, 2012, as restated	<u>\$ 19,140,464</u>

The GASB issued Statement No. 66, *Technical Corrections - 2012* in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for 2013. There was no impact to the District with the implementation of this statement.

(13) New Pronouncements

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* in June 2012. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*. Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014.

The GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

Management of the District is currently assessing the impact of these new pronouncements on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION – OTHER

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (Cash Basis) - General Fund
For the Year Ended December 31, 2013

	Original	Budget Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Ad valorem taxes	\$ 2,502,978	\$ 2,502,978	\$ 2,994,594	\$ 491,616
Rental income	231,743	231,743	235,222	3,479
Earnings on investments	3,257	3,257	3,623	366
Intergovernmental revenue	63,000	63,000	61,988	(1,012)
Grants and contributions	110,000	110,000	167,497	57,497
Endorsements	33,412	33,412	32,598	(814)
Other income	250,362	250,362	55,380	(194,982)
Total revenues	<u>3,194,752</u>	<u>3,194,752</u>	<u>3,550,902</u>	<u>356,150</u>
Expenditures				
Administration	1,104,834	1,104,834	1,065,527	39,307
Castine Center	428,101	428,101	417,265	10,836
Park	1,273,715	1,273,715	1,184,355	89,360
Recreation	395,207	395,207	382,555	12,652
Capital outlays	-	-	2,855	(2,855)
Total expenditures	<u>3,201,857</u>	<u>3,201,857</u>	<u>3,052,557</u>	<u>149,300</u>
Excess of revenues over expenditures	<u>(7,105)</u>	<u>(7,105)</u>	<u>498,345</u>	<u>505,450</u>
Other Financing Uses				
Transfers	-	-	(566,446)	(566,446)
Net change in fund balances	<u>\$ (7,105)</u>	<u>\$ (7,105)</u>	<u>(68,101)</u>	<u>\$ (60,996)</u>
Fund balances, beginning of year			<u>3,170,637</u>	
Fund balances, end of year			<u>\$ 3,102,536</u>	

Cash Basis Budget to Modified Accrual Basis Reconciliation

The Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual presents comparisons of the legally adopted original budget and final budget (cash basis) with actual data on a cash basis. In the general fund, accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with GAAP. A reconciliation of this basis and timing differences is presented below:

Net change in fund balance (cash basis)	\$ (68,101)
Adjustment:	
To adjust revenues and expenses for accruals and prepaid expenses	(329,672)
Net change in fund balance (modified accrual basis)	<u>\$ (397,773)</u>

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 1 OF ST. TAMMANY PARISH
Schedule of Compensation Paid to Governing Board
December 31, 2013

<u>Board of Commissioners</u>	<u>Term Expiration</u>	<u>Compensation</u>
Nixon Adams, Chairman 250 Dona Drive Mandeville, LA 70448 (985) 626-4888	December 31, 2016	None
William Matthews, Vice Chairman 386 Red Maple Drive Mandeville, LA 70448 (985) 727-9880	December 31, 2016	None
Stephen Meyer, M.D. 102 Fox Run Drive Mandeville, LA 70471 (985) 626-5555	December 31, 2016	None
Warren Montgomery 131 East Ruelle Drive Mandeville, LA 70471 (985) 845-7195	December 31, 2016	None
Bob Whelan 77 Woodstone Drive Mandeville, LA 70471 (985) 626-5024	December 31, 2016	None
Jeff Blackman 215 Spruce Street Mandeville, LA 70471 (504) 905-7129	December 31, 2016	None
Majure Savell 104 Dianna Court Covington, LA 70433 (504) 913-1903	December 31, 2016	None

See accompanying independent auditors' report.

OTHER REPORT

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

The Board of Commissioners
Recreation District No. 1 of St. Tammany Parish
Mandeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Recreation District No. 1 of St. Tammany Parish (the District), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 6, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Metairie, Louisiana
May 6, 2014